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DEMOCRACY OR IMPERIALISM—THE ALTERNATIVE THAT CONFRONTS US

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There is a very general assumption that the time has come for the United States to abandon its policy of splendid isolation and enter into the broader field of international relations, and that this new policy is demanded by new opportunities, by our expanding trade and overseas relations, and that a refusal to take this step is an indication of weakness or a willingness to remain a "little" America in the field of international affairs.

Were the question as simple as it seems I would agree with this contention. Were the larger contact with the outside world merely a contact of expanding trade and commerce, it would seem to me to be inevitable. But the internationalism of the present day is not really an internationalism of trade and commerce. Those who are most actively urging that America take a more positive place in international affairs are interested in a different kind of imperialism than that which they urge upon us. They would have us assume the paraphernalia of imperialism, of a great navy; they would have the United States be in a position to use the mailed fist to back financial interests, enforce their demands, and otherwise adopt the accessories of imperialism such as those of Germany, Russia, England and the great powers of Europe. And it is because an abandonment of our policy of splendid isolation inevitably involves us in a military front, in the adoption of European diplomacy, and the identification of the state department with sinister interests, that such a policy seems to me fraught, not only with peril to our country, but with most unjust burdens and costs to the great majority of the common people as well. Imperialism is a menace to democracy. It is a menace to social reform and internal development. Judged by the experiences of Europe, imperialism is always at war with the best interests of the State. And it is for this reason that I believe in a continuance of the policy of isolation and detachment that has served us so well for a century.

I

In the first place it is not possible for America to lay down the rules of the game in international affairs. They are fixed by the feudal, aristocratic and dynastic powers of Europe, which still think in terms of an earlier age. These powers establish the terms of the contest, and for us to enter upon an imperialistic policy means that we must accept the game as they play it. Outside of England and France, the great powers of Europe still think of humanity as food for guns; they still each have a contempt for democracy.

To me democracy is the most precious thing in the world. It holds the hopes of the future. And imperialism means the weakening of those things for which democracy stands. There may be glory in internationalism, but there are necessary costs which *democracy* has to pay. And in preparing for imperialism, for a wider field for industrial activity, labor bears the cost. Labor goes to the front; labor mans the ships; labor leaves its wife and children at home to get along as best they may. Labor gets none of the gains. It enjoys none of the concessions, privileges and profits incident to imperialism. But that is not the end of it. War and preparations for war, imperialism, militarism, mean colossal expense. They mean a great increase in the military budget. And the bended back of labor bears most of the cost of it all as well. Wars would not be possible were it not for the fact that taxes are collected by indirect means, upon the things that people consume. This is especially true in America. For fifty years scarcely a dollar of the federal taxes was collected from wealth, property, incomes or inheritances. Ever since the Civil War the federal government has been maintained by taxes on consumption, by tariff taxes, excise taxes, internal revenue taxes. We have supported our army and navy by taxes on sugar, on clothes, on tobacco, on the things people use. Each year we collect between \$600,000,000 and \$700,000,000 from these sources. Only within the last two years has anything been collected from incomes; and even today less than one-eighth of our revenues come from taxes on property of any kind. Labor pays for imperialism. It pays in money and it pays in blood.

II

Labor not only bears the cost of imperialism at the front and at home; labor suffers in legislation as well. Imperialism is usually identified with a reaction at home. It checks social legislation. It centers thought upon overseas matters. The progress that has been going on during the last ten years is likely to be checked with this new emphasis on overseas interests. The result of the war in Europe means that the privileged interests who have been called into the government will continue to rule for many years to come unless democracy asserts itself through revolution. It may be said that this is not true of America; that we control things better; that we are free from privileged interests. But the experiences of the last fifty years disprove this. During the Civil War banking interests, financial interests, tariff interests, railroad interests, land grabbing interests, made their way into the government. They controlled Congress in their own interests. They controlled the states and the cities. Ever since the Civil War we have been paying the price of the war in the control of our agencies of government by the great interests which took advantage of our necessities at that time. And they are more active today than at any time in our history. Imperialism, a great budget, a great navy, and the possible wars which may come from imperialism mean that the financial interests will continue to be powerful. In case of great emergency they will be called in to rule, much as they have been in Europe.

It is because imperialism is a menace to democracy, that it invites control by privileged interests, that I am opposed to our government throwing itself into the arms of an imperialistic policy.

III

Imperialism again is identified with dollar or private diplomacy, with the use of the state department and foreign offices in the interest of those special classes concerned in financial imperialism. In such a game the people are compelled to act in the dark; democracy plays with stacked cards. It has to adopt the rules of diplomacy established by older nations, and these are the rules of aristocracy rather than democracy. The diplomacy of Europe is still the diplomacy of the eighteenth century. It is controlled by the aristocracy. It does not think in terms of the people; it thinks in terms of its

own narrow interests. This is not only true of Russia, Austria-Hungary and Germany; it is true of England as well. In some degree it is true of France and Italy, in which democratic countries the financiers have identified themselves with the diplomatic service and made it an agency of their will.

Diplomacy is secret. It does not trust the people. It never takes the people into its confidence. There is scarcely a European war in the last sixty years in which the diplomats did not figure to the disaster or detriment of their people. Even in the United States diplomacy partakes of the aristocratic flavor of Europe. There are only two great exemplars of democratic diplomacy in this country, and they were Jefferson and Franklin, who a century ago left an imprint upon the world because they refused to follow the traditional rules of the diplomatic game, and looked upon themselves as representatives of the people of the United States to other peoples. Even today diplomacy in the United States is for the most part open only to the well-to-do. We do not pay our diplomats sufficiently to open the service to any but the rich. And our own diplomats, because of their detachment from the people, their interest in privileged things, are likely to think not in terms of humanity or of democracy, but of the classes or groups and the interests with which they are identified. Imperialism and the new internationalism means the identification of diplomacy and the state department with overseas interests; and when diplomacy and the state department are interested in dollar diplomacy, the promotion of industrial and financial interests, the nation itself is made to serve the will of a small but interested class.

IV

Imperialism today includes war as one of the means of settling the disputes of concession hunters and private interests. And if we knew all the facts we would see that most of the wars of the last thirty years have been the result of the activities of overseas financiers, concession seekers, and those interested in obtaining spheres of influence for loans, mines, railroads, oil wells and other privileged grants. When these concessions, loans and privileges were granted by weak or revolutionary peoples, the concessionaires identified their foreign office with their interests to enforce their claims, even when it was necessary to dispatch the navy and the army against a

weaker nation to validate them. The present cataclysm in Europe is partly, probably largely, the result of a generation of conflict on the part of the big financial and industrial interests of Europe which, when diplomacy failed, insensibly perhaps but none the less inevitably, threw their nations into conflict. The old type of wars came to an end with the Franco-Prussian War. That was the last war of the old feudal nationalistic type. Subsequent wars are of a different kind. The world changed in character about 1890.

Wars and preparation for wars of the last generation have had their origin in the overseas activities of special interests within the greater powers. These activities sprang primarily from surplus wealth seeking investment which the investing classes of England, France and Germany placed in the weaker countries of the world. The sums so invested are colossal. They amount in the aggregate to nearly \$40,000,000,000. Along with loans, financial groups have sought concessions, spheres of influence, opportunities to exploit weaker peoples. The financiers have been identified with the foreign office and the diplomatic service, and when conflicts arose between the financiers the nations have been lured into the contest for the protection of their investments. This has led to friction, irritation, and on a number of occasions Europe was on the verge of war because of the conflict of financial groups which had identified the home government with their overseas interests.

The new imperialism of finance began with the purchase of the shares of the Suez Canal in 1876 by Great Britain. English capital flowed into Egypt. In a few years' time they had loaned the Khedive \$400,000,000 on usurious terms. The treasury of Egypt received only \$100,000,000 of this colossal sum; the bankers retained the rest as commissions and underwriting profits. The interest on these loans could not be met. There was fear of revolution. Alexandria was bombarded and Egypt occupied by Great Britain, from which, despite her assurances, she has never been willing to withdraw. France was crowded out of Egypt. She centered her interests in Tunis and Morocco. These countries, like Egypt, soon lost their independence. European bankers increased the indebtedness of Morocco from \$4,000,000 to \$32,000,000 in six years' time. French, German and British interests came into conflict over spheres of influence and the rights of the various concessionaires. The press of France was controlled by the bankers. It promoted war scares

and induced France to send an army of occupation into Morocco. This led to conflict with Germany which nearly precipitated war in 1911.

The same story was repeated in Persia, where Russian and English interests crowded out Germany. Persia was strangled. It was divided into two spheres of influence. Debts were made by English and Russian bankers, and ultimately Persia lost her independence.

Germany has sent her financial diplomats all over the world. She has penetrated into most of the countries of South America. Crowded out of Morocco and Persia, she centered her interests in Turkey and Asia Minor. The Deutsche Bank received most valuable concessions for the Bagdad Railroad. Along with this were other concessions for mines, lands, harbors and private companies. The German bankers made colossal profits on the Bagdad Railroad, which were, however, charged to Turkey. In this process of financial subjection Turkey became subject to the Deutsche Bank. Financial interests led to political intervention. The Kaiser followed the bankers. Finally Great Britain and the allies were crowded out of Turkey and Asia Minor as a sphere of influence.

Financial imperialism lay back of the Boer War. British financiers were interested in valuable mining rights. Similar interests lay back of the war between Russia and Japan. Russian court financiers owned valuable timber and mining concessions which Russia refused to evacuate, despite her assurances to do so.

The Chinese five power loan is another instance of financial imperialism which nearly embroiled the United States. China wanted to borrow \$30,000,000. The banking interests of the great powers entered into a combination. They refused to loan her the small sum she needed and insisted on her taking a larger sum, to wit, \$300,000,000, which was finally, however, reduced to \$125,000,000. The condition of the loan was that China should be saddled with foreign advisers to control her financial policy. Bankers in the United States were identified with the six power group. They, too, desired the state department and diplomacy as an aid to their transactions. One of the most distinguished services which President Wilson has rendered this country was his veto of dollar diplomacy in China and the identification of the United States government with the program of financial imperialism and the parceling out of

China into spheres of influence among the greater powers. President Wilson said that the whole project threatened the integrity of China, and that the United States government should not participate in such a project. The Chinese loan was not dissimilar from those made to Egypt, Tunis, Morocco, Persia, Turkey, in fact to all of the weaker powers which have ultimately fallen into the subjugation of the great powers of Europe.

Similar interests are active in Mexico today. They have acquired concessions, privileges, monopolies valued at hundreds of millions of dollars. It is said that American claims in Mexico alone are worth twice as much as the total property holdings of the Mexicans themselves. The interests of England, Germany and France are equally large, and the financiers of the United States as well as of Europe are actively interested in intervention in order to validate and make secure their concessions, many of which strike at the government of the country. And back of the clamor for intervention in Mexico is the insistence of financiers and privileged interests that their interests be validated by the action of the United States government.

And today there is a group of men in New York who are attacking the present administration for its refusal to lend the support of the state department to their dreams of financial imperialism all over the world. They are frankly appealing for dollar diplomacy, which means that the young men of America shall be sent out to collect or validate debts and make good usurious contracts. They want the United States to act as an insurance agency in their questionable overseas financial activities.

V

Closely identified with the financiers of all the great powers are the munition makers. They sell munitions to revolutionary groups, to weak nations. They finance weak countries, and when trouble comes they call upon the stronger powers to suppress the revolutions and disturbances which their own commercial greed have made possible. One of the great agencies for promoting militarism all over the world are the Krupps, the Maxims, the Schneiders and the munition makers in the United States whose profits and securities rise or fall with the appropriations for the army and the navy. These and the financiers are the great promoters of imperialism. They see

in it the conversion of the nation itself into an insurance agency to fill their plants with orders on the one hand and validate their debts with weaker peoples on the other.

It is not possible to attribute such criminal ambitions to any individual man. Financial imperialism is not personal. You could not find anyone in the United States who was willing to admit that his actions were urging the country into war. Nor could you find anyone in the European countries who was willing to make that admission. Yet all these agencies together,—the foreign offices, diplomats, financiers, concession hunters, the munition makers,—form in effect a ruling class. They own or control the press; they make public opinion. It is they who talk loudest of the dignity of the country, of the necessity for a great navy to send the flag into distant parts. And as a result of their activities and their public opinion, petty personal quarrels are magnified into international issues which ripen into causes for international conflict.

It is just such conflicts as these that brought Europe to the verge of civil war on several occasions. It was the accumulation of such conflicts covering a generation's time that lies back of the present war.

VI

It is for these reasons that I believe in a continuation of the policy which has served America so well for over a century. Imperialism and overseas expansion are an expression of the activities and ambitions of classes interested in things dangerous to the peace and well-being of the state. It means a great navy, the utilization of the foreign office and diplomacy for private ends, and endless conflicts with the privileged interests of other nations in the exploitation of the world. Imperialism has always been a menace to democracy; and at the present time with colossal aggregations of wealth, the close control of banking and credit and the identification of these interests and munition makers with the governments of Europe, there is constant danger of conflict and war to any nation, no matter how democratic it may be, that enters the lists.

A study of the war budgets of Europe shows that the expenditure for navies is in almost direct proportion to the extent of overseas investments and Colonial expansion. Navalism is a product of imperialism, and those who are loudest in demanding a great navy

for the United States are those who are most interested in overseas investments and concessions. It is these interests that promote war scares; that arouse people to fancied dangers and sweep them into a hot competition for armies. To play this game means that America must adopt the methods of the feudal powers of Europe; it means that our diplomacy must be like their diplomacy; and that the army and navy departments shall be ready to back the claims of the state department all over the world.

An examination of the economic conditions in America explains the rise of this demand for imperialism. Surplus wealth has appeared. It cannot be invested at home at high rates of interest. The resources of the country have been appropriated. The railroads and mines have been monopolized. Most of the great industries have been consolidated into great trusts. The opportunities for investment are not as alluring as they were a generation ago, and the profits to be obtained in the weaker countries are very much greater than those which may be obtained at home. To obtain profitable investments in foreign countries it is necessary to secure concessions, spheres of influence, and other privileges in conflict with other powers. Otherwise the loans and investments cannot be made. And when these concessions are interfered with, or when a revolution jeopardizes the investments in a weaker state, then the clamor is raised for intervention, for a vigorous foreign policy, for the dispatch of ships to protect American interests.

Democracy is so much dearer than any possible gains from imperialism that every precaution should be taken to protect it. And democracy today is menaced more by the movement for overseas imperialism and all that that implies than by any other force. If the experience of Europe teaches anything it is that influences within the state are as dangerous to its peace as are armed nations without the state; and with this experience before us it is our duty to safeguard the nation from the creation of new dangers, which under the patriotic disguise of national dignity are merely agencies of the privileged and trading and financial classes.